



COMPANY MANAGEMENT

PODRAVKA GROUP

CONSOLIDATED AND UNAUDITED FINANCIAL REPORTS FOR PERIOD JANUARY-DECEMBER 2010

PODRAVKA d.d., Koprivnica, Ante Starčevića 32, Commercial Court of Bjelovar, Company no. MBS 010006549,
Privredna banka Zagreb d.d., Zagreb, Račkoga 6, Giro account no. 2340009-1100098526, Share capital 1,626,000,900.00 HRK paid in full, Number
of shares: 5,420,003, Nominal share value: 300.00 HRK, President of the Supervisory Board: Lj. Jurčić, President of the Management Board: M.
Vitković, Board members: K. Bešvir, L. Kljajić, M. Pucar, M. Repić



COMPANY MANAGEMENT

Appendix 1

Reporting period:

01.01.2010

to

31.12.2010

Quarterly financial report of entrepreneur -TFI-POD

Registration number (MB)	03454088	
Identification number of subject	010006549	
Personal identification number (OIB)	18928523252	
Issuer company: PODRAVKA prehrambena industrija d.d., KOPRIVNICA		
Postal code and place	48000	KOPRIVNICA
Street and number ANTE STARČEVIĆA 32		
E-mail address: podravka@podravka.hr		
Internet address: www.podravka.com		
Code and name of comune/to	201	KOPRIVNICA
Code and county name	6	KOPRIVNIČKO-KRIŽEVAČKA
		Number of employees 6.570 (at quarter end)
Consolidated statement	Yes	NKD/NWC code: 1039
Subsidiaries subject to consolidation (according to IFRS):		
Registration number:		
BELUPO d.d.	Koprivnica	3805140
DANICA d.o.o.	Koprivnica	0991279
ITAL-ICE d.o.o.	Poreč	3746011
PODRAVKA POLSKA SP z.o.o.	Kostrzyn, Polska	5981449907
PODRAVKA LAGRIS a.s.	Dolni Lhota u Luhačovic, Češka	3042510487
PODRAVKA SARAJEVO d.o.o.	Sarajevo, BiH	20188537

Book keeping service: _____

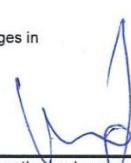
Contact person: Draga Celiščak

(fill in only surname and name of contact person)

Phone number: 048 651 200Fascimile: 048 651 805E-mail address: draga.celiscak@podravka.hrSurname and name Vitković Miroslav
(authorised person for representation)

Disclosure documents:

1. Financial statements (balance sheet, profit and loss account, cash flow statement, statement of changes in shareholders' equity and notes to the financial statements)
2. Statement of responsible persons for preparation of financial statements
3. Report of the Management Board on position of the Company



(signed by authorised person for representation)



PODRAVKA
PREHRAMBENA INDUSTRIJA d.d.
KOPRIVNICA 173



COMPANY MANAGEMENT

BALANCE SHEET

as at

31 December 2010

in kunas

Item	AOP code	Last year (net) 31 December	Current year (net)
1	2	3	4
ASSETS			
A) RECEIVABLES FOR SUBSCRIBED BUT NOT PAID-IN CAPITAL	001		
B) NON-CURRENT ASSTES	002	2.131.294.388	2.056.388.198
I. INTANGIBLE ASSETS	003	354.486.038	352.332.661
II. TANGIBLE ASSETS	004	1.711.646.007	1.642.820.313
III. NON-CURRENT FINANCIAL ASSETS	005	10.467.739	9.142.431
IV. RECEIVABLES	006	1.105.497	0
V. DEFERRED TAX ASSETS	007	53.589.107	52.092.793
C) CURRENT ASSETS	008	1.993.707.566	1.933.707.116
I. INVENTORIES	009	646.839.335	692.225.776
II. RECEIVABLES	010	1.101.946.158	992.976.354
III. CURRENT FINANCIAL ASSETS	011	99.652.185	91.142.311
IV. CASH AT BANK AND IN HAND	012	145.269.888	157.362.675
D) PREPAID EXPENSES AND ACCRUED REVENUE	013	11.699.154	18.225.732
E) LOSS BEYOND CAPITAL	014		
F) TOTAL ASSETS	015	4.136.701.108	4.008.321.046
G) OFF-BALANCE RECORDS	016	977.432.372	807.562.291
LIABILITIES AND SHAREHOLDERS EQUITY			
A) CAPITAL AND RESERVES	017	1.539.095.991	1.634.950.090
I. SUBSCRIBED CAPITAL	018	1.626.000.900	1.626.000.900
II. CAPITAL RESERVES	019	25.294.074	22.073.074
III. RESERVES FROM PROFIT	020	42.220.550	59.527.391
IV. REVALUATION RESERVES	021	0	0
V. RETAINED EARNINGS	022	192.210.400	0
VI. LOSS CARRIED FORWARD	023	0	191.233.600
VII. PROFIT FOR THE BUSINESS YEAR	024	0	84.235.325
VIII. LOSS FOR THE BUSINESS YEAR	025	380.991.140	0
IX. MINORITY INTERESTS	026	34.361.207	34.347.000
B) PROVISIONS	027	29.226.422	29.971.260
C) NON-CURRENT LIABILITIES	028	796.832.112	600.671.940
D) CURRENT LIABILITIES	029	1.539.151.561	1.647.422.139
E) DEFERRED PAYMENT OF COSTS AND ACCRUED REVENUE	030	232.395.022	95.305.617
F) TOTAL - LIABILITIES	031	4.136.701.108	4.008.321.046
G) OFF-BALANCE RECORDS	032	977.432.372	807.562.291
APPENDIX to balance sheet(to be filled in by entrepreneur that prepares consolidated annual financial report)			
CAPITAL AND RESERVES			
1. Subscribed to shareholders in mother company	033	1.504.734.784	1.600.603.090
2. Subscribed to minority interest	034	34.361.207	34.347.000



COMPANY MANAGEMENT

PROFIT & LOSS ACCOUNT

for the period **1.1.2010** to **31.12.2010**

in kunas

Item	AOP code	Last year		Current year	
		Comulative	Quartely	Comulative	Quartely
1	2	3	4	5	6
I. OPERATING REVENUE	035	3.758.954.295	977.759.086	3.694.925.673	983.610.487
1. Sales revenue	036	3.587.136.198	923.655.198	3.522.272.227	928.440.962
2. Revenue from use of own products, goods and services	037	91.702.339	35.943.339	74.168.759	18.981.913
3. Other operating revenues	038	80.115.758	18.160.549	98.484.687	36.187.612
II. OPERATING EXPENSES	039	3.996.506.809	1.356.509.346	3.460.312.394	941.034.033
1. Decrease of inventories	040	1.444.187	21.070.187		17.288.683
2. Increase of inventories	041			26.527.118	
3. Material costs	042	2.357.280.243	602.935.767	2.305.150.494	591.748.099
4. Staff costs	043	748.875.271	178.936.256	729.640.032	178.851.556
5. Depreciation	044	156.537.316	35.324.316	155.291.996	38.655.057
6. Other costs	045	229.390.719	85.102.198	195.573.521	65.039.866
7. Value adjustment	046	81.045.431	66.583.431	28.216.378	6.685.118
8. Provisions	047	12.866.289	6.151.289	8.342.257	7.909.755
9. Other operating costs	048	409.067.353	360.405.902	64.624.834	34.855.899
III. FINANCIAL REVENUES	049	61.379.375	3.977.776	50.361.230	16.006.124
1. Interests, currency differences, dividends and other revenues based on	050		0		0
2. Interests, currency differences, dividends and other revenues based on	051	61.378.862	3.977.263	45.212.992	13.330.620
3. Portion of revenue from associated parties and participating interests	052		0		0
4. Unrealized gains (revenues)	053		0	5.097.263	2.624.529
5. Other financial revenues	054	513	513	50.975	50.975
IV. FINANCIAL EXPENSE	055	189.162.895	42.142.088	175.638.356	42.745.788
1. Interests, currency differences and other expenses with related parties	056		0		0
2. Interests, currency differences and other expenses with unrelated parties	057	166.260.586	38.580.323	133.149.319	35.287.420
3. Unrealized loss (expense) from financial assets	058	22.902.309	3.561.765	42.489.037	7.458.368
4. Other financial expense	059		0		0
V. EXTRA - OTHER REVENUES	060		0		0
VI. EXTRA - OTHER EXPENSE	061		0		0
VII. TOTAL REVENUES	062	3.820.333.670	981.736.862	3.745.286.903	999.616.611
VIII. TOTAL EXPENSE	063	4.185.669.704	1.398.651.434	3.635.950.750	983.779.821
IX. PROFIT BEFORE TAX	064			109.336.153	15.836.790
X. LOSS BEFORE TAX	065	365.336.034	416.914.572		0
XI. INCOME TAX	066	15.471.106	6.378.555	25.262.095	13.946.208
XII. PROFIT IN THE PERIOD	067			84.074.058	1.890.582
XIII. LOSS IN THE PERIOD	068	380.807.140	423.293.127		
APPENDIX to P&L account (to be filled in by entrepreneur that prepares consolidated annual financial report)					
XIV.* PROFIT SUBSCRIBED TO HOLDERS OF CAPITAL IN MOTHER COMPANY	069			84.235.325	1.929.620
XV.* PROFIT SUBSCRIBED TO MINORITY INTERESTS	070	184.000			0
XVI.* LOSS SUBSCRIBED TO HOLDERS OF CAPITAL IN MOTHER COMPANY	071	380.991.140	423.190.543		
XVII.* LOSS SUBSCRIBED TO MINORITY INTEREST	072		102.584	161.266	39.037



COMPANY MANAGEMENT

CASH FLOW STATEMENT - INDIRECT METHOD

for the period **1.1.2010** to **31.12.2010**

in kunas

Item	AOP code	Last year	Current year
1	2	3	4
CASH FLOW FROM OPERATING ACTIVITIES			
1. Profit before tax	073	-365.336.034	109.336.153
2. Depreciation	074	156.537.316	155.291.996
3. Increase in current liabilities	075	0	
4. Decrease in current receivables	076	92.992.000	81.575.991
5. Decrease in inventories	077	0	
6. Other increase in cash flow	078	478.069.405	114.062.000
I. Total increase in cash flow from operating activities	079	362.262.687	460.266.140
1. Decrease in current liabilities	080	130.739.000	159.642.577
2. Increase in current receivables	081	0	
3. Increase in inventories	082	15.210.000	50.070.776
4. Other decrease in cash flow	083	44.067.000	53.505.000
II. Total decrease in cash flow from operating activities	084	190.016.000	263.218.353
A1) NET INCREASE IN CASH FLOW FROM OPERATING ACTIVITIES	085	172.246.687	197.047.787
A2) NET DECREASE IN CASH FLOW FROM OPERATING ACTIVITIES	086	0	0
CASH FLOW FROM INVESTMENT ACTIVITIES			
1. Cash inflows from sales of non-current tangible and intangible assets	087	15.695.000	12.936.000
2. Cash inflows from sales of ownership and debt instruments	088	4.088.000	15.876.000
3. Interest income	089	10.966.000	9.191.000
4. Dividend income	090	0	
5. Other cash inflows from investing activities	091	186.279.000	3.080.000
III. Total cash inflows from investing activities	092	217.028.000	41.083.000
1. Cash outflow for purchase of non-current tangible and intangible assets	093	141.791.000	92.838.000
2. Cash outflow for acquisition of ownership and debt financial instruments	094	10.209.000	5.000.000
3. Other cash outflow for investing activities	095	313.211.000	2.417.000
IV. Total cash outflow for investing activities	096	465.211.000	100.255.000
B1) NET INCREASE IN CASH FLOW FROM INVESTING ACTIVITIES	097	0	0
B2) NET DECREASE IN CASH FLOW FROM INVESTING ACTIVITIES	098	248.183.000	59.172.000
CASH FLOW FROM FINANCIAL ACTIVITIES			
1. Cash inflow from issue of ownership and debt financial instruments	099		
2. Proceeds from the credit principal, promissory notes, borrowings and other	100	633.415.000	758.899.000
3. Other proceeds from financial activities	101		
V. Total cash inflows from financial activities	102	633.415.000	758.899.000
1. Cash outflow for repayment of credit principal and bonds	103	825.067.000	884.682.000
2. Cash outflow for dividends paid	104		
3. Cash outflow for financial lease	105		
4. Cash outflow for purchase of treasury shares	106	6.390.000	0
5. Other cash outflow for financial activities	107		
VI. Total cash outflow for financial activities	108	831.457.000	884.682.000
C1) NET INCREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES	109	0	0
C2) NET DECREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES	110	198.042.000	125.783.000
Total increase in cash flow	111	0	12.092.787
Total decrease in cash flow	112	273.978.313	0
Cash and cash equivalents at the beginning of the period	113	419.248.201	145.269.888
Increase of cash and cash equivalents	114		12.092.787
Decrease of cash and cash equivalents	115	273.978.313	0
Cash and cash equivalents at the end of the period	116	145.269.888	157.362.675

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 Privredna banka Zagreb d.d., Zagreb, Račkoga 6, Giro account no. 2340009-1100098526, Share capital 1,626,000,900.00 HRK paid in full, Number of shares: 5,420,003, Nominal share value: 300.00 HRK, President of the Supervisory Board: Lj. Jurčić, President of the Management Board: M. Vitković, Board members: K. Bešvir, L. Kljajić, M. Pucar, M. Repić



COMPANY MANAGEMENT

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

from **1.1.2010** to **31.12.2010**

in kunas

Item	AOP code	31.12. Last year	Increase	Decrease	Current year
1	2		3	4	
1. Subscribed capital	117	1.626.000.900			1.626.000.900
2. Capital reserves	118	25.294.074		3.221.000	22.073.074
3. Reserves from profit	119	44.465.550	3.738.131	0	48.203.681
4. Retained earnings or loss carried forward	120	192.210.400		383.444.000	-191.233.600
5. Profit or loss for the business year	121	-380.991.140	84.235.325	-380.991.140	84.235.325
6. Revaluation tangible assets	122				0
7. Revaluation intangible assets	123				0
8. Revaluation non-current financial assets	124				0
9. Other revaluation	125				0
10. Effect of changes in foreign exchange rates	126	-2.245.000	13.568.710		11.323.710
11. Deferred taxes	127				0
12. Protection of cash flow	128				0
13. Change of accounting policy	129				0
14. Correction significant mistakes of previous period	130				0
15. Other changes of capital	131	34.361.207		14.207	34.347.000
16. Total increase or decrease of equity	132	1.539.095.991	101.542.166	5.688.067	1.634.950.090
16a. Subscribed to shareholders in mother company	133	1.504.734.784	101.542.166	5.673.860	1.600.603.090
16b. Subscribed to minority interest	134	34.361.207	0	14.207	34.347.000



COMPANY MANAGEMENT

Notes

Main business characteristics and significant events in the fourth quarter

The net profit of the Podravka Group for the year 2010 without nonrecurrent items is HRK 151.1 million

1. The total sales of the Podravka Group in the year 2010 amounted to HRK 3,522.3 million, which represents a drop of 2% compared to the same period of last year. The sales of the Strategic Business Area (SBA) Food and Beverages totalled HRK 2,778.1 million, which is a sales drop of 2% while the sales of the SBA Pharmaceuticals totalled HRK 744.2 million, representing a sales drop of 1%.
2. The operating costs/expenses of the Podravka Group are HRK 133.6 million lesser (-4%).
3. The operating profit (EBIT) of the Podravka Group totalled HRK 204.9 million while the operating margin (EBIT) was 5.8%.
4. The realised net profit of the Podravka Group is HRK 84.2 million after provisions for the contractual relations with OTP Bank Nyrt in the amount of HRK 21 million, adjusted bond value of HRK 34.2 million and severance payments paid in the amount of HRK 12.5 million.
5. The total value of capital investments in the observed period totalled HRK 87.4 million.
6. Croatian consumers awarded the Best Buy Award to Podravka as the best Croatian company when comparing the ratio of price and product quality. This certificate is awarded by the Best Buy Award Croatia in cooperation with the companies Axios and PriceWaterhouseCooper. Podravka won certificates in eight categories: Ready-made meals (canned food), Food seasonings, Soups in bags, Preserved vegetables, Preserved fruit, Canned fish, Breakfast cereal and Side dishes.
7. In November 2010 Podravka started the production of Beef goulash in the USA. Podravka's popular Beef goulash is made in the USA following the original recipe and the recognisable brand as sold in Croatia, many countries of Europe and Australia.
8. The Management Board of Podravka d.d. brought the Decision on refinancing short term indebtedness with a syndicated loan in the amount of EUR 100 million for a term of five years. The accounting policy in 2010 year did not change.



COMPANY MANAGEMENT

Koprivnica, 14 February 2011

INTERIM MANAGEMENT REPORT ON THE ACHIEVED CONSOLIDATED AND UNAUDITED BUSINESS RESULTS OF THE PODRAVKA GROUP FOR THE FOURTH QUARTER OF 2010 AND THE PERIOD JANUARY – DECEMBER 2010

The Podravka Group achieved operating income in the amount of 3.695 billion HRK in the year 2010, which is a 2% decrease compared to the year 2009.

Sales revenue, which in the total operating income structure participates with 95%, was realized in the amount of 3.522 billion HRK and has been reduced by 2%.

Sales of the SBA Food and Beverages totalled 2,778.1 million HRK or 78.9% of total sales of the Podravka Group and compared to the year 2009 sales have been reduced by 2%. The aforesaid drop of sales results from lower sales levels of the SBA Food and Beverages on the market of Croatia (-7%), which during the entire year of 2010 showed distinctive unfavourable economic trends and a fall of economic activities. Sales of the SBA Food and Beverages grew 3% on foreign markets.

The SBA Pharmaceuticals achieved sales in the amount of 744.2 million HRK, which represents a sales drop of 1% compared to the year 2009. This drop results from a lower level of sales on the market of Croatia (-6%), based on lower sales of prescription drugs (-7%) and OTC products (-8%). The SBA Pharmaceuticals achieved a growth of sales of 8% on foreign markets.

The total operating costs/expenses amounted to 3.460 billion HRK and compared to the year 2009 have been reduced by 13%. The most significant influence for this reduction comes from the fact that value adjustments of issued loans and guarantees as well as the loss from contractual relations between Podravka d.d. and OTP Bank Nyrt from Budapest were recorded within these costs/expenses in the year 2009 and also the fact that a significant decline of operating costs/expenses occurred in the year 2010 due to better cost management at all levels.

In the year 2010 the Podravka Group realised net profit without nonrecurrent items in the amount of 151.1 million HRK.

Nonrecurrent items in 2010 reached 66.9 million HRK and refer to bond value adjustments in the amount of 34.2 million HRK (financial liability at fair value in the profit and loss account) and value adjustments of the share in investment funds in the amount of 1.7 million HRK, severance payments in the amount of 12.5 million HRK and provisions on the grounds of contractual relations with OTP Bank in the amount of 21 million HRK. Apart from the quoted negative extraordinary items there were also positive ones in the amount of 2.4 million HRK which refer to land value adjustments.



COMPANY MANAGEMENT

Despite the aforesaid extraordinary items which negatively effected business results, in 2010 the Podravka Group achieved net profit in the amount of 84.2 million HRK.

If only the fourth quarter of the year 2010 is observed, then it can be said that the Podravka Group achieved operating income in the amount of 983.6 million HRK and 1.9 million HRK net profit. The reason underlying this modest net profit in the fourth quarter is the fact that another 21 million HRK of expenses arising from contractual relations between Podravka d.d. and OTP Bank Nyrt Budapest were additionally recorded in financial reports at the year end and also a lower level of sales was recorded in the last quarter compared to the summer months when the Group generated more than a half of the annual profit.

The total value of assets of the Podravka Group as of 31 December 2010 was 4.01 billion HRK and compared to the year before has been reduced by 128.4 million HRK (reduction of long-term assets by 74 million HRK and short term by 53.4 million HRK).

The total indebtedness of the Podravka Group as of 31 December 2010 was 1.513 billion HRK and compared to the year before has been reduced by 82.5 million HRK. The actual repayment of loan liabilities is 221 million HRK but as the indebtedness was additionally increased at the beginning of 2010 due to the settlement of liabilities arising from the Bill Financing Agreement, the total reduction of indebtedness is lesser.

In the last quarter, the Management Board of Podravka d.d. brought the Decision on refinancing short term indebtedness (short term facilities, commercial papers and bonds) through a syndicated loan in the amount of 100 million EUR for a term of five years.

A part of the short term indebtedness was refinanced in December 2010 (short term facilities from Erste Bank and Zagrebačka banka) and commercial papers in February of the current year while the refinancing of liabilities arising from bonds shall be effected in May this year.

The above stated has assured long-term financial stability of the Podravka Group.



COMPANY MANAGEMENT

Koprivnica, 14 February 2011

**STATEMENT FROM EXECUTIVES RESPONSIBLE FOR PREPARING
FINANCIAL STATEMENTS**

The provisional consolidated unaudited financial statements of the Podravka Group for the period January – December 2010 have been prepared in compliance with the Accounting Act of the Republic of Croatia and International Financial Reporting Standards (IFRS) and provide an overall and true presentation of assets, liabilities, profit and loss, financial position and business operations of the Group and all related companies involved in the consolidation.

In the present provisional consolidated unaudited financial statements of the Podravka Group for the year 2010, a correction of financial statements for the year 2009 was made.

Namely, at the time when the financial statements for the year 2009 were disclosed the Management Board of Podravka d.d. was not in possession of all contracts, documents and facts related to the business relations of Podravka d.d. and OTP Bank Nyrt from Budapest nor was it possible to obtain relevant legal opinion on the aforesaid business relations so liability and loss in the amount of 92,932 thousand HRK was not disclosed in the financial statements of Podravka d.d. and the Podravka Group, respectively, which resulted in a qualified auditor opinion. The stated liability and loss arise from a few contracts concluded in the year 2009 which refer to indebtedness, deposits and purchase options.

Apart from the mentioned corrections in 2009, Podravka d.d. and the Podravka Group additionally recorded liability and loss in the amount of 21,008 thousand HRK in the financial statements for the year 2010 on the same grounds.

The influence of the earlier stated negative effects arising from the relations between Podravka d.d. and OTP Bank Nyrt from Budapest may change by the time the final audited financial statements of the Podravka Group for 2010 are disclosed which shall then be recorded in the financial statements for the year 2011, accordingly.

As the audit of financial statements of the companies within the Podravka Group is currently in progress, the submitted data may vary from the annual audited financial statements of the Podravka Group.

Accounting Director:

The signature of Draga Celiščak, written in blue ink, appears to read "Draga Celiščak" followed by "Draga".

Board Member for Finance:

The signature of Lidija Kljajić, written in blue ink, appears to read "Lidija Kljajić" followed by "Lidija".